

UNITED STATES DEPARTMENT OF JUSTICE
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UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

IN RE: §
§
CELARWATER TRANSPORTATION, LTD., § CASE NO. 19-50292-CAG
§ CHAPTER 11
§
DEBTOR. § Hearing date: August 8, 2019

**OBJECTION OF THE UNITED STATES TRUSTEE TO THE
DEBTOR'S DISCLOSURE STATEMENT**

TO THE HONORABLE CRAIG A. GARGOTTA
UNITED STATES BANKRUPTCY JUDGE:

HENRY G. HOBBS, JR., THE ACTING UNITED STATES TRUSTEE for Region 7 ("UST"), through the undersigned counsel, objects to the disclosure statement filed by Clearwater Transportation, Ltd. for the following reasons:

1. **Exhibit 3 - Plan Financial Projections:** The debtor included a placeholder for its financial projections (the "Projections") at Exhibit 3. The debtor states the Projections will be filed at least seven days before the disclosure statement hearing. The objection deadline for the disclosure statement, however, is ten days before the disclosure statement hearing, and the debtor has not yet filed its Projections. The Projections are critical, so that creditors can determine whether the debtor's plan is

feasible or whether the debtor could pay more or sooner to creditors under the proposed plan. Because the disclosure statement lacks Projections, the UST objects to its approval. The UST reserves its right to object to the Projections once they are filed, e.g., if they have inaccuracies, if they do not contain sufficient information to allow creditors to understand them, if they show a future that is very different than appears in the monthly operating reports without an explanation, etc.

2. **Article I(C) - Overview of the Plan:** This section tells each type of creditor what it can expect to receive under the Plan, except for general unsecured creditors. This overview should explain to general unsecured creditors what they will receive under the Plan and when.

3. **Article VI(F)(8) - General Unsecured Claims:** This section states that the debtor will start making payments to general unsecured creditors no later than the “sixty anniversary” of the Effective Date. The debtor needs to clarify whether this beginning date is the sixth anniversary, the sixty month anniversary, or some other time. The debtor also does not state how much the creditors in this class are owed. The debtor needs to amend this section to include the expected total amount of claims in this section. Further, the debtor states that it will make quarterly payments but does not state whether those payments will be in equal amounts. The debtor needs to clarify this section, so that general unsecured creditors know when they can expect the reorganized debtor to pay them and how much they can expect to receive.

WHEREFORE, the UST prays that the Court deny approval of the debtor's disclosure statement unless the debtor addresses the issues raised above and for any and all further relief as is equitable and just.

Respectfully submitted,

HENRY G. HOBBS, JR.
UNITED STATES TRUSTEE
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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing OBJECTION OF THE UNITED STATES TRUSTEE TO DEBTOR'S DISCLOSURE STATEMENT was served by electronic means on all parties receiving electronic notice in this case and on the parties listed below either by first class mail or by electronic means through the CM/ECF system on this the 29th day of July, 2019.

/s/ Kevin M. Epstein

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